

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-178-E - ORDER NO. 2008-528

JULY 30, 2008

IN RE: Application of South Carolina Electric and Gas Company for Adjustments in the Company's Electric Rate Schedules and Tariffs) ORDER ON REVIEW OF) TURBINE OPERATION) AND MAINTENANCE) EXPENSE REPORT))
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This matter comes before the Public Service Commission of South Carolina (“Commission”) on review of the May 19, 2008 report required by Order No. 2005-2, which was related to the annualized turbine operation and maintenance (O&M) expenses account established in that Order.

In its Application in this Docket, South Carolina Electric & Gas Company (“SCE&G”) proposed to “levelize over an 8 year maintenance cycle the costs associated with major maintenance of the turbines at its fossil fuel generating facilities.” Application at 7. SCE&G requested that it be allowed to record in a regulatory asset or liability account the differences between the amounts accrued for these expenses and the actual amount of turbine O&M expenses incurred. The goal of annualizing the turbine O&M expenses was “to properly match maintenance expenses with the year by year use of the plants that cause such expense to be incurred.” See Order No. 2005-2 at 25. In that Order, this Commission found the annualization of these O&M expenses to be just and reasonable and ordered that the requested accounts be established. Id. at 29-30. In

addition, the Commission adopted the Staff's recommendation that the Company file a report with this Commission concerning the results of this treatment at the end of calendar year 2007. Id. at 30. This Commission also stated "[s]hould the Commission find at that time that the actual maintenance expenditures are significantly different than those presented here, the Commission reserves the right to revisit the need for the program." Id.

The required report has now been filed and reviewed. The report establishes that actual maintenance expenditures are not significantly different from the annual expenditure levels anticipated in the accounts. The accounts were also reviewed by the Office of Regulatory Staff ("ORS"). SCE&G submits that no adjustment in the amount of the accrual is necessary.

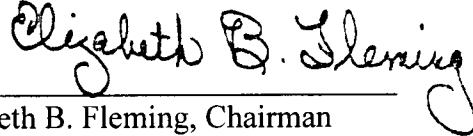
We agree. Based on our review of the report and the review of the relevant accounts by ORS, we find no need to revisit the matter at this time. SCE&G shall file an identical report at the end of the eight-year annualization period, or in the Company's next general rate proceeding, whichever occurs earlier.

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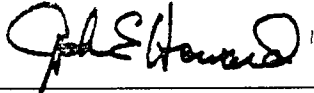
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman

(SEAL)